

## **Senate Resolution No. 30**

**Introduced by Senator Bowen**

Relative to electricity cost recovery

WHEREAS, Pacific Gas and Electric Company (PG&E) has filed a voluntary petition for reorganization under Chapter 11 of the Bankruptcy Code (11 U.S.C. Sec. 1101 et seq.) to obtain protection from its creditors under the federal bankruptcy laws; and

WHEREAS, PG&E filed a plan to reorganize and emerge from bankruptcy that sought to strip the state of its ability to regulate many of the company's assets and activities and transfers that jurisdiction to the Federal Energy Regulatory Commission; and

WHEREAS, PG&E and the Public Utilities Commission staff recently proposed a settlement of the PG&E bankruptcy case and related adversary proceedings that would retain state jurisdiction over PG&E's assets and activities and allow the company to regain investment grade credit status; and

WHEREAS, If the settlement agreement is approved by the commission, the proposed settlement will cost PG&E ratepayers more than an additional five billion dollars (\$5,000,000,000), and PG&E rates for electrical service will remain far higher than rates for any other California utility for at least nine years; and

WHEREAS, Evidence presented in commission Investigation No. 02-04-026 suggests that ratepayers could save over two billion dollars (\$2,000,000,000), and still enable PG&E to emerge from bankruptcy, through the use of a securitized financing backed by a dedicated rate component; and

WHEREAS, Securitized financing backed by a dedicated rate component was successfully used to fund the 10 percent rate reduction for residential and small commercial customers, pursuant to Assembly Bill 1890 (Chapter 854 of the Statutes of 1996) and Senate Bill 477 (Chapter 275 of the Statutes of 1997); and

WHEREAS, It is the intent of the Senate, and in the public interest, that PG&E's emergence from bankruptcy be accomplished at the lowest possible cost to the utility's ratepayers, without the loss of state regulatory jurisdiction over the utility's assets and activities; now, therefore, be it

*Resolved by the Senate of the State of California*, That the commission is urged to resolve the PG&E bankruptcy at the lowest possible cost to PG&E ratepayers, without the loss of state regulatory jurisdiction over the utility's assets and activities; and be it further

*Resolved*, That the commission is urged to evaluate whether the use of a securitized financing backed by a dedicated rate component to reduce the cost to ratepayers of settling the PG&E bankruptcy; and be it further

*Resolved*, That should the commission find that the use of a securitized financing backed by a dedicated rate component will reduce the cost to ratepayers, the commission should take appropriate steps to implement such financing, including recommending legislation, if necessary; and be it further

*Resolved*, That the Secretary of the Senate transmit copies of this resolution to the author for appropriate distribution.

Senate Resolution No. 30 read and adopted by the Senate September 12, 2003.

Attest: \_\_\_\_\_  
Secretary of the Senate

